

P-407/CP-93-785 ORDER REQUIRING COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Tom Burton  
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Dee Knaak

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for Extended Area  
Service between Big Falls, Little Fork,  
Kabetogamma, and International Falls

ISSUE DATE: August 16, 1994

DOCKET NO. P-407/CP-93-785

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PROPOSED RATES

**PROCEDURAL HISTORY**

On August 16, 1993, the Commission received a petition for extended area service (EAS) signed by subscribers in four exchanges: Big Falls, Little Fork, Kabetogamma, and International Falls. The petition was unclear as to which specific EAS routes were desired.

On April 4, 1994, the Commission issued an Order construing the petition and determining that the following five EAS routes merited further consideration:

- Little Fork to Big Falls
- Little Fork to International Falls local calling area (including  
Ericsburg and Ranier)
- Little Fork to Kabetogamma
- Big Falls to Little Fork
- Big Falls to International Falls local calling area

Accordingly, the Commission required the telephone company serving those five routes, GTE-Minnesota (GTE), to file traffic studies for them.

On May 24, 1994, GTE filed traffic studies for the required five routes.

On June 1, 1994, the Minnesota Department of Public Service (the Department) filed its report and recommendations.

On August 2, 1994, the Commission met to consider this matter.

## **FINDINGS AND CONCLUSIONS**

GTE's study data contained 12 months of information from April 1993 through March 1994. According to the GTE traffic studies, the following exchanges exceeded the 50 percent calling threshold required by the 1990 EAS statute:

- Little Fork to International Falls local calling area (including Ericsburg and Ranier)
- Big Falls to Little Fork
- Big Falls to International Falls local calling area

Minn. Stat. § 237.161 (1992).

The other two petitioned routes (Little Fork to Big Falls and Little Fork to Kabetogamma) failed to meet the 50 percent criterion.

Based on these studies, the Commission will deny the petitions for the routes which lacked adequate traffic and proceed to process those that did meet the traffic criterion.

Specifically, the Commission will prepare to poll the subscribers in the petitioning exchanges that met the traffic criterion to determine whether there is adequate subscriber support in those exchanges to warrant installation of EAS for those routes. Before polling those subscribers, however, the Commission will set EAS rates for the routes in question so that the polled subscribers will be informed of the rate consequences of their choice.

To assist the Commission in setting those rates, the Commission will direct GTE to file cost studies and proposed rates and direct the Department to file comments on the Company's proposals.

## **ORDER**

1. The petitions for extended area service (EAS) from Little Fork to Big Falls and from Little Fork to Kabetogamma are denied for lack of adequate traffic as required by the EAS statute, Minn. Stat. § 237.161 (1994).
2. Within 45 days of the date of this Order, GTE Minnesota (GTE or the Company) shall file cost studies and proposed rates for the following three routes and serve copies on the Minnesota Department of Public Service (the Department) and the petition sponsor:
  - Little Fork to International Falls local calling area (including Ericsburg and Ranier)
  - Big Falls to Little Fork
  - Big Falls to International Falls local calling area
3. The cost studies shall be consistent with previous Commission decisions for non-metropolitan areas EAS routes.
4. GTE shall file three sets of rates: one set that reflects a 75/25 percent apportionment of costs between the exchanges; a second set that reflects a 60/40 percent apportionment of such costs; and a third set that reflects a 50/50 percent apportionment of the costs.

5. The Department shall file with the Commission its report and recommendations regarding GTE's cost studies and proposed rates within 45 days after GTE files the cost studies and proposed rates. The Department shall serve copies on GTE and the petition sponsor.
6. In its reports and recommendations filed according to Ordering Paragraph 5, above, the Department shall set forth the rate changes that would be required by its recommendations for each of the three cost apportionment ratios.
7. Any comments on the Department's report and recommendation shall be filed within 20 days after the Department's filing.
8. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)